

AMENDED IN ASSEMBLY MAY 2, 2007

AMENDED IN ASSEMBLY MARCH 28, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 1639

Introduced by Assembly Member Duvall

February 23, 2007

An act to amend Sections 1749.5, 1765, 1765.3, 14042, and 15031 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1639, as amended, Duvall. Insurance: licensing.

Existing law provides that a provider teaching any approved continuing education course at any approved seminar shall qualify for the same number of classroom hours as would be granted to a person taking and successfully completing that course, except that such person shall qualify for those classroom hours only once each license term.

This bill would provide that a provider may not use its own self-study course toward its continuing education requirement.

Existing law provides that an applicant for a surplus line broker's license shall provide a fee of \$295 for up to 2 natural named persons, and \$83 for each additional natural person named.

This bill would provide that the fee for the application shall be \$700 *every 2 years*. It would require every applicant for ~~an organizational~~ *a business entity* license to provide the names of all persons who may exercise the power and perform the duties under the license.

This bill would also provide that whenever a surplus line broker licensed as an organization desires to change the persons who are authorized to transact business under the license, it shall immediately

file an application with the commissioner reflecting the change. The bill would require all natural persons named to take and pass the qualifying examination, as specified, and that they be in all other respects subject to the laws applying to surplus line brokers.

Existing law provides that no independent or public insurance adjusters shall conduct a business under a fictitious or other business name unless and until he or she has obtained the written authorization of the commissioner to do so.

This bill would provide that independent or public insurance adjusters who conduct business under a fictitious name must comply with specified rules, and the commissioner may disapprove of the use of a fictitious business name on specified grounds.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1749.5 of the Insurance Code is amended
- 2 to read:
- 3 1749.5. (a) A person teaching any approved course of
- 4 instruction or lecturing at any approved seminar shall qualify for
- 5 the same number of classroom hours as would be granted to a
- 6 person taking and successfully completing that course, seminar,
- 7 or program, except that such person shall qualify for those
- 8 classroom hours only once each license term for each course,
- 9 seminar, or program.
- 10 (b) Excess classroom hours accumulated during any one-year
- 11 period may be carried forward to the next year.
- 12 (c) For good cause shown, the commissioner may grant an
- 13 extension of time during which the requirements imposed by this
- 14 article may be completed, but that extension of time shall not
- 15 exceed the period of one year.
- 16 (d) Every person subject to this article shall furnish, in a form
- 17 satisfactory to the commissioner, written certification as to the
- 18 courses, programs, or seminars of instruction taken and successfully
- 19 completed by that person.
- 20 (e) Any education provider whose self-study courses have been
- 21 approved by the department shall not count its own self-study
- 22 courses towards its continuing education requirement for a license
- 23 issued under this chapter.

1 SEC. 2. Section 1765 of the Insurance Code is amended to
2 read:

3 1765. (a) A license under this chapter shall be applied for and
4 renewed by the filing with the commissioner of a written
5 application therefor, in accordance with the provisions of Section
6 1652.

7 (b) Subject to subdivision (f) of this section, the commissioner
8 shall issue a license authorizing any applicant who is trustworthy
9 and competent to transact an insurance brokerage business in such
10 manner as to safeguard the interest of the insured, to act as a surplus
11 line broker from the date of the license until the expiration date
12 specified in Section 1630. *In order to transact surplus line*
13 *brokerage business, an individual must be licensed as a surplus*
14 *line broker.*

15 (c) An applicant for a surplus line broker's license shall, as part
16 of the application and a condition of the issuance of the license,
17 file a bond to the people of the State of California in the sum of
18 fifty thousand dollars (\$50,000), conditioned that the licensee will
19 fully and faithfully comply with the requirements of this chapter,
20 and all applicable provisions of this code. The bond shall be subject
21 to the provisions of Sections 1662 and 1663. A surplus line broker
22 bond is not required for an individual licensed as a surplus line
23 broker who only transacts on behalf of a licensed surplus line
24 broker organization.

25 (d) The filing fee for a license to act as a surplus line broker
26 shall be seven hundred dollars (\$700) ~~per year~~ *every two years*, or
27 for any initial fractional license year. Every applicant for ~~an~~
28 ~~organizational license~~ *a business entity license, as provided in*
29 *subdivision (a) of Section 1765.2*, shall provide the names of all
30 persons who may exercise the power and perform the duties under
31 the license. Whenever an organization licensed as a surplus line
32 broker desires to change, remove, or add to the natural person or
33 persons who are to transact insurance under authority of its license,
34 it shall immediately file an application or notice with the
35 commissioner for an endorsement changing its license accordingly,
36 on a form prescribed by the commissioner. ~~Notice~~ *The fee for*
37 *adding or removing from any surplus line broker's license issued*
38 *to an organization the name of any natural person, named thereon,*
39 *shall be twenty-four dollars (\$24). The commissioner shall require*
40 *that the qualifying examination provided by subdivision (a) of*

1 Section 1676 be taken by any natural person named by the
2 organization to exercise its agency or brokerage powers who would
3 be required to take and pass the qualifying examination. That
4 natural person or persons and the organization are in all other
5 respects subject to the provisions of this chapter and the insurance
6 laws.

7 (e) Such license shall be renewed in accordance with and subject
8 to, the provisions of Sections 1717, 1718, 1719, and 1720.

9 (f) The commissioner may deny, suspend, or revoke any license
10 applied for or granted pursuant to this chapter on all or any one of
11 the grounds and in accordance with the procedures provided in
12 Article 6 (commencing with Section 1666) and Article 13
13 (commencing with Section 1737) of Chapter 5, whenever the
14 commissioner finds that the applicant or licensee has committed
15 a violation of any provision of this code.

16 SEC. 3. Section 1765.3 of the Insurance Code is amended to
17 read:

18 1765.3. Any natural person applying for a license to act as a
19 surplus line broker shall prove his *or her* competency by showing
20 he or she holds an existing license to act as ~~either a surplus line~~
21 ~~broker or an insurance broker or by a fire and casualty~~
22 ~~broker-agent, which requires~~ passing the qualifying examination
23 for *such* an insurance broker's license.

24 SEC. 4. Section 14042 of the Insurance Code is amended to
25 read:

26 14042. No licensee shall conduct a business under a fictitious
27 or other business name unless and until he or she has obtained the
28 written authorization of the commissioner ~~so to do to do so~~.

29 The commissioner shall not authorize the use of a fictitious or
30 other business name which is so similar to that of a public officer
31 or agency or of that used by another licensee that the public may
32 be confused or misled thereby.

33 The authorization shall require, as a condition precedent to the
34 use of any fictitious name, that the licensee comply with Section
35 1724.5 of this code and Chapter 5 (commencing with Section
36 17900) of Part 3 of Division 7 of the Business and Professions
37 Code.

38 A licensee desiring to conduct his or her business under more
39 than one fictitious business name shall obtain the authorization of

1 the commissioner in the manner prescribed in this section for the
2 use of each such name.

3 The licensee shall pay a fee of ten dollars (\$10) for each
4 authorization to use an additional fictitious business name and for
5 each change in the use of a fictitious business name. If the original
6 license is issued in a nonfictitious name and authorization is
7 requested to have the license reissued in a fictitious business name,
8 the licensee shall pay a fee of twelve dollars (\$12) for such
9 authorization.

10 SEC. 5. Section 15031 of the Insurance Code is amended to
11 read:

12 15031. No licensee shall conduct a business under a fictitious
13 or other business name unless and until he or she has obtained the
14 written authorization of the commissioner to do so.

15 The commissioner shall not authorize the use of a fictitious or
16 other business name which is so similar to that of a public officer
17 or agency of that used by another licensee that the public may be
18 confused or mislead thereby.

19 The authorization shall require, as a condition precedent to the
20 use of any fictitious name, that the licensee comply with Section
21 1724.5 of this code and Chapter 5 (commencing with Section
22 17900) of Part 3 of Division 7 of the Business and Professions
23 Code.

24 A licensee desiring to conduct his or her business under more
25 than one fictitious name shall obtain the authorization of the
26 commissioner in a manner prescribed in this section for the use of
27 such name.

28 The licensee shall pay a fee of ten dollars (\$10) for each
29 authorization to use an additional fictitious name and for each
30 change in the use of a fictitious business name. If the original
31 license is issued in a nonfictitious name and authorization is
32 requested to have the license reissued in a fictitious business name,
33 the licensee shall pay a fee of ten dollars (\$10) for that
34 authorization.